

# THE IMPACT OF ERP ON AN APPAREL MANUFACTURING ORGANIZATION

By

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The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

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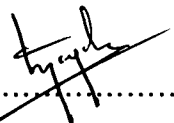
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.....  
Supervisor

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## ABSTRACT

Enterprise Resource Planning (ERP) systems have become a strategic business tool in modern dynamic environments. ERP systems play a vital role within the organizations by assisting in planning and managing the resources in the organization. Actually the success of any organization depends on how efficiently the resources are managed in the organization.

So far not many attempts have been taken to quantify the exact impact that an ERP causes on the performance of a company. In fact this is a very sensitive area to study since the value addition that an ERP causes differs from industry to industry.

This research attempts to quantify the benefits of ERP in an apparel manufacturing organization based on the literature which consists of information about previous attempts taken by many researchers in quantifying the benefit of IT investments in general and ERP systems in specific.



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The research produces a detail framework to evaluate potential value addition to the company's operations due to both tangible and intangible benefits offered by the ERP for various aspects of the business. (e.g. Manufacturing, Procurement, HRM, Merchandising & Commercial operations etc). In order to quantify the value addition the researcher develops an ordinal scale. Using this scale the analysts can measure the improvements in each aspect of the business specifically.

The researcher suggests that these potential value additions (given by the scale) can improve the performance of the company in return. Hence he calls this potential value addition as the impact of ERP on the organizational performance. Finally in this research the proposed framework is applied on a Sri Lankan apparel manufacturing organization and the results given by the framework are analyzed against the actual performance of the company over the years in order to test the accuracy of the framework.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

**BOM – Bill of Material**

**BPR – Business Process Reengineering**

**CIO – Chief Information Officer**

**CRM – Customer Relationship Management**

**CS – Computer Systems**

**CSF – Critical Success Factors**

**BD – Business Development**

**e.g. – Exempli gratia (for instance)**

**ERP – Enterprise Resource Planning**

**Et al – et alli (and others)**

**FG – Finished goods**

**FICO – Finance and Controlling**

**GRN – Goods Receipt Note**

**GDN – Goods Despatch Note**

**HR – Human Resource**

**HRM - Human Resource Management**

**IE – Industrial Engineering**

**IEEE – Institute of Electrical and Electronic Engineers**

**Inc. – Incorporated**

**IS – Information Systems**

**ISD - Information Systems Development**

**IT – Information Technology**

**KM – Knowledge Management**

**MIS – Management Information Systems**

**MRP – Material Requirement Planning**

**MRP II – Manufacturing Resource Planning**

**Org. – Organization**

**OT – Over Time**

**Ph.D – Philosophiae Doctor (Doctor of Philosophy)**

**RFP – Request for Proposal**

**RM – Raw Material**

**ROI – Return of Investment**

**SAP – Systeme, Anwendungen und Produkte (Systems, Applications and Products)**

**SBU – Strategic Business Unit**

**SMV – Standard Minute Value**

**SCM – Supply Chain Management**

**SDM – Strategic Decision Making**

**TQM – Total Quality Management**



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